

# Questions and Answers for Tax Professionals

## Q 1. What's new for the IRS e-file program?

**A** An Authorized IRS *e-file* Provider can now submit the taxpayer's Form 8453, *U.S. Individual Income Tax Declaration for Electronic Filing*, to the service center that acknowledged acceptance of the electronic portion of the return within three business days after the Authorized IRS *e-file* Provider receives the acknowledgement file.

Preparation of a new Form 8453 continues to not be required for a change that is not substantive. A substantive change is limited to corrections that exceed new tolerances as further described for arithmetic errors, a transposition error, a misplaced entry or a spelling error. The

**new tolerances** are: a) the amount of "Total income" that does not differ from the amount on the electronic portion of the tax return by more than \$50; or b) the amount of "Total tax", "Federal income tax withheld", "Refund", or "Amount you owe" does not differ from the amount on the electronic portion of the tax return by more than \$14.

An improved process for addressing issues that may result in suspension from participation in the IRS *e-file* program should provide Authorized IRS *e-file* Providers with the opportunity to resolve issues prior to suspension. However, in appropriate circumstances, the Service will continue to immediately suspend an Authorized IRS *e-file* Provider without warning.

## Q 2. Why did I receive the Marketing Tool Kit?

**A** The Kit was provided to you because at the time we created our distribution list, you were accepted in the IRS *e-file* program as an Authorized IRS *e-file* Provider. The Kit contains materials to help you promote your business.

## Q 3. What do I do if I lose my Electronic Filing Identification Number (EFIN)?

**A** Assistance is available by calling toll free 1-800-691-1894.

## Q 4. Who do I call if I need assistance?

**A** You should call the Electronic Tax Administration Coordinator for your state. The Coordinators' names, addresses, and telephone numbers are located on the IRS Web site, [www.irs.gov/prod/elec\\_svs/eta-coord.html](http://www.irs.gov/prod/elec_svs/eta-coord.html). For questions about your application or suitability check, call the Andover Service Center at 1-800-691-1894.

## Q 5. What are the important dates for Tax Year 1999 IRS e-file?

**A** The Tax Year 1999 IRS *e-file* Calendar for tax period January 1-December 31, 2000 is listed at the top of the next column, and shows all critical dates.

Begin transmitting live IRS <i>e-file</i> returns	Jan. 14, 2000
Last date for transmitting timely filed returns	April 17, 2000
Last date for transmitting timely filed Forms 4868	April 17, 2000
Last date for retransmitting rejected timely filed Forms 4868	April 19, 2000
Last date for retransmission of rejected timely filed returns	April 22, 2000
Last date IRS accepts test transmissions	April 30, 2000
Last date for submitting new application Forms 8633	May 31, 2000
Last date for transmitting late or extended returns	Oct. 16, 2000
Last date for retransmitting rejected late or extended returns	Oct. 19, 2000

Watch the IRS Web site, [www.irs.gov](http://www.irs.gov), for additional "What's New" items.



**Q** 6. How can I ensure that I will receive the number of copies of the publications I am requesting when placing a telephone order to the IRS Area Distribution Center?

**A** When placing an order by telephone, tell the representative that you are a practitioner so that the number of copies that are ordered are not limited.

**Q** 7. Is the IRS e-file logo available on the Internet for download?

**A** Yes. The IRS *e-file* logo is available for download at the IRS Web site, [www.irs.gov/prod/elec\\_svs/toolkit.html](http://www.irs.gov/prod/elec_svs/toolkit.html).

**Q** 8. What software should I use to prepare individual tax returns for my clients?

**A** The IRS does not provide software but does issue specifications that commercial software developers can use to write software packages that are available for purchase. Generally, there is tax preparation software and transmission software. Talk with vendors, resellers and software company representatives to find the best solution for your business. Shop around or ask other Authorized IRS *e-file* Providers what software they use to file electronic returns. The software is developed specifically for tax preparers. The software that is developed for individuals to use is limited to a specific number of e-filed returns, generally five returns.

**Q** 9. What is the Refund Cycle Chart?

**A** The refund cycle chart provides the weekly cutoff for electronic submissions by the transmitter and the estimated date the refund will be deposited into the taxpayer's account or mailed.

**Q** 10. What is a Preparer Taxpayer Identification Number (PTIN)? How do I get a PTIN?

**A** The PTIN is an identification number assigned by the IRS for use as an alternative to using a Social Security Number on the tax returns prepared by practitioners. The PTIN applies to all individual forms that have paid preparer information on them. Form W-7P is used to apply for the PTIN. The form is filed with the Philadelphia Service Center that will process them beginning October 4, 1999.

**Q** 11. If there is an error on a return I submitted electronically for my client, can I resubmit the corrected return electronically?

**A** Yes and no. If the electronic return was rejected by the IRS, corrections can be made and it can be retransmitted electronically. If the electronic return was accepted by the IRS, a paper Form 1040X (*Amended Return*) must be prepared and mailed to the appropriate IRS service center. The current IRS *e-file* program doesn't accept Form 1040X filed electronically. Even though an amended return is filed, Form 8453 must be completed and mailed to the appropriate IRS service center with the required copies of the W-2s, 1099-Rs etc. attached for the accepted e-filed return.

**Q** 12. What do I do if my client's return was filed, for example, April 13, but it rejected because of an error with the date of birth the IRS received from the Social Security Office?

**A** You can file for an extension, have your client correct the Social Security Number at the Social Security Office, and resubmit the return electronically. It may take

a few weeks before the Social Security Number is updated. If you don't want to wait for the Social Security Number correction, the return can be mailed in.

**Q** 13. Can a Nonresident Alien filing form 1040 NREZ file electronically?

**A** No. A paper return must be filed.

**Q** 14. When a business is sold or one partner buys out the other and a new Form 8633, *Application to Participate in the IRS e-file Program*, is needed, how long may I use my old EFIN so that there is no interruption of service to my clients?

**A** The old EFIN can be used until the sale is complete. We advise the purchaser of the *e-file* business to begin the application process at least 45 days before the sale to ensure a smooth transition and no interruption to *e-file* services.

**Q** 15. Can I file a prior year's tax return electronically?

**A** No. The IRS *e-file* program only accepts current year returns.

**Q** 16. Why should I encourage my clients to e-file when they are not getting a refund?

**A** IRS *e-file* provides a fast, accurate and secure method of filing Tax Year 1999 individual income tax returns. Quick acknowledgement that the IRS received your client's tax return gives your client peace of mind. The return can be filed early and, if your client authorizes a direct debit payment, he/she can specify a payment date and delay payment up to (and including) April 17, 2000. Your client may also delay out-of-pocket expenses by paying

the balance due with a credit card. If returns with a balance due are not filed until the end of the filing season, there may be more chance of errors in the rush to file before the deadline. Errors cost money and, in some cases, additional penalties and interest. Errors can also cause more visits with your clients.

**Q** 17. Can I use IRS e-file to file my client's Tax Year 1999 Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, and pay the balance due electronically?

**A** This form may be filed electronically (if supported by the tax preparation software package) by the original return due date, but it is an extension of time to file a tax return, not an extension of time to pay a balance due. Beginning Jan. 14, 2000, Form 4868 payments can be made by credit card by calling 888-2PAY-TAX<sup>sm</sup> (1-888-272-9829). If there is a payment due and your client pays by credit card, this eliminates the need to send in the paper form.

**Q** 18. When can direct debit payments be made?

**A** Beginning January 14, 2000, your client can authorize a direct debit from a checking or savings account at the time the electronic return is prepared. Direct debit payments cannot be initiated after the return is transmitted. This payment option is available through October 16, 2000.

**Q** 19. Can partial payments or multiple payments be made by direct debit?

**A** Payments for less than the amount of the full balance due on a return are acceptable by

direct debit. However, only one direct debit payment can be authorized with a return. Some tax preparation software packages do not allow partial payments. In the event that partial payments are permitted, your clients are responsible for paying the remaining balance due by April 17, 2000, or be subject to late payment penalties and interest. The remaining balance due must be paid by credit card, check or money order.

**Q** 20. Are all banks and bank accounts accessible for a direct debit?

**A** All banks capable of using Electronic Funds Transfer (EFT) can support this payment option. Your clients should check with their banks to be sure that electronic fund transfers can be authorized from their designated bank accounts (money management accounts, money market accounts, certificate of deposit accounts and some credit union savings accounts do not allow such transactions).

**Q** 21. How can credit card payments be made?

**A** All credit card payments must be made electronically using a tax preparation software package or by phone. A few tax preparation software packages include a credit card option. Your client can pay by phone by calling 888-2PAY-TAX<sup>sm</sup> (1-888-272-9829), toll free, and using any Discover<sup>®</sup> Card brand card, MasterCard<sup>®</sup>, or the American Express<sup>®</sup> Card.

**Q** 22. What types of federal income taxes can be paid electronically?

**A** While e-filing the return, the balance due on Tax Year 1999 individual income tax returns

(Form 1040 series) can be paid by direct debit or by credit card. Most tax preparation software packages include a direct debit option and a few also include a credit card option.

If paying by phone, the following payments can be made: 1) Tax Year 1999 Form 1040 series balance due payments; 2) Tax Year 1999 Form 4868 (automatic extension of time to file) payments for the balance from Part III only; and 3) Tax Year 2000 Form 1040-ES (estimated tax) payments. If there is a payment due and your client pays by credit card, this eliminates the need to send in the paper Form 1040-V, Form 1040-ES or Form 4868. Credit card payments for prior tax years or other types of taxes are not accepted at this time.

**Q** 23. When can credit card payments be made?

**A** While e-filing a return or paying by phone, payments can be made for the balance due on Tax Year 1999 tax returns beginning January 14, 2000 through October 16, 2000. If paying by phone, payments can be made for the amount due, in Part III only, on Tax Year 1999 Form 4868 beginning January 14, 2000 through April 17, 2000 and payments can be made for the amount due on Tax Year 2000 Form 1040-ES beginning March 1, 2000.

**Q** 24. Is the IRS storing credit card information?

**A** No. IRS does not have access to credit card numbers or directly participate in credit card transactions. The IRS relies on private credit card processors to verify the validity of the card and line of credit. The processors forward the appropriate tax payment information to the IRS for crediting to the taxpayer's account.

**Q** 25. Is there a fee charged for using credit cards?

**A** The company that processes the credit card payments charges a convenience fee. Taxpayers are informed of all charges and fees before credit card payments are authorized. This fee is in addition to any charges, such as interest, that may be assessed by the credit card issuer.

**Q** 26. Can first time filers or married filing joint filers pay by phone?

**A** First time filers cannot make a credit card payment by phone. When prompted, married filing joint filers must enter the Social Security Number of the first spouse listed on the pre-printed mailing label on their 1999 tax package or postcard. Spouses who are not listed as the primary filer on the mailing label cannot pay by phone. Note, these limitations do not apply to taxpayers who *e-file* and pay using tax preparation software.

**Q** 27. How much can be charged by phone?

**A** The maximum allowable credit card payment amount made by phone is \$99,999. To charge a higher amount, taxpayers can contact US Audiotex, the pay by phone credit card processor, at 1-877-754-4420, toll free.

**Q** 28. How does Federal/State *e-file* work?

**A** Federal/State *e-file* allows the electronic filing of both Federal and state income tax returns at the same time. The electronic filing

software places your client's Federal and state return data in separate packets. These packets are transmitted to the IRS in one taxpayer "envelope." The IRS functions as an electronic post office for the participating state that receives and processes the state electronic return.

**Q** 29. What are the benefits for filing my clients' Federal and state tax returns together?

**A** Federal/State *e-file* allows you to reduce processing costs, provide a more efficient new service to your clients, increase your business opportunities and keep current on industry trends.

**Q** 30. What is the Practitioner PIN Pilot? Where can I find more information?

**A** If you are a participant in the pilot, your clients who elect to participate sign their electronic return by personally entering a five digit, self-selected, one time use Personal Identification Number (PIN). You sign the return using your PIN (a combination of the EFIN with an additional five-character number to create a unique signature). For pilot participants, the IRS waives submission of Forms 8453, W-2, W-2G and 1099-R. The use of electronic authentication with the waiver for the attachments provides a paperless filing experience for eligible taxpayers. More information can be found at the IRS Web site, [www.irs.gov/elec\\_svs/psigpilot.html](http://www.irs.gov/elec_svs/psigpilot.html).

**Q** 31. What are the sources of information I can choose from to find answers to additional questions?

**A** The IRS Digital Daily is your best source of electronic tax information provided by the IRS at the IRS Web site, [www.irs.gov](http://www.irs.gov). Information concerning the IRS *e-file* program can be found under the subtitle "Electronic Services." Information is also available in Pub.1345, *Handbook for Electronic Return Originators of Individual Income Tax Returns*. Pub. 1345A, *Filing Season Supplement for Electronic Return Originators*, which will be issued directly to you December 1999, is an additional source of information.



Department of the Treasury  
Internal Revenue Service

[www.irs.gov](http://www.irs.gov)

Publication 3452 (Rev. 9-99)  
Catalog Number 28381C

